



NEWS RELEASE

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Utah Department of Health 2003 Budget Statement

(Salt Lake City, UT – December 16, 2002) - When the Utah economy struggles Utahns look to public health for resources and health care. The demands for public health resources increase during times when the budget decreases and requires Utah Department of Health (UDOH) leadership to make difficult budgetary decisions. To date in the 2003 budget, the UDOH has taken \$24.8 million in general fund reductions. The following information details cuts that are anticipated to offset Medicaid caseload growth and part of the \$117 million budget shortfall.

Budget Reductions Required to Offset Medicaid Caseloads in 2003

Outside of the current \$117 million shortfall, the UDOH must make the following budget adjustments in order to operate within the existing budget appropriations. The UDOH has prepared a \$5.2 million State general fund reduction scenario in order to offset growing Medicaid caseloads. Medicaid caseload was expected to grow about 6% this budget year; it is growing at a rate of more than an 8%, annually. In addition, the UDOH will lose \$12.7 million in Federal state match funds making the overall reduction \$17.9 million. Medicaid is 90% of the Utah Department of Health's overall budget and serves 250,000 Utahns. These cuts will take effect on either January 15, 2003 and others on February 1, 2003. The UDOH acknowledges that the unfortunate impact of these cuts will be reduced access to health care, case management, and prescriptions and may cause some hardship to Medicaid recipients and health care providers.

- There will be a reduction in hospital reimbursements for patients who significantly exceed the average length of stay for their condition. This reduction will increase the amount of uncompensated care absorbed by hospitals, adding pressure on commercial rates.
- Co-pays will be increased for about 40,000 Utah adults when seeing a physician or filling a prescription. Prescription co-payments will go from \$1 to \$3 per prescription with the maximum monthly cost to the recipient going from \$5 to \$15 per month. Physician co-payments will go from \$2 to \$3 per visit.

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- In addition, pharmacies will incur a reimbursement reduction from Medicaid with the Medicaid discount rate going from 12% to 15%.
- Approximately 40,000 adult Medicaid recipients will not have access to vision care, physical therapy, some case management or personal care services, nursing care.
- The income threshold will be reduced from 100% to 75% of the Federal Poverty Level for 6,000 seniors and people with disabilities. These individuals may qualify for other Department programs.

Total: \$17,956,401.

Budget Reductions for the UDOH's Share of \$117 Million State Budget Deficit

The UDOH is expecting to take \$4.2 million cut from the 2003 operating budget to assist with making up the State's \$117 million deficit. With the loss of \$4.2 million in state funds, the UDOH will lose an additional \$9.4 million in Federal State funds match.

UDOH Program cuts include:

- Funds for programs that make drug testing available to police departments, that supports clinic services to children with disabilities, support investigations of disease outbreaks and subsequent restaurant inspections, and to electronically record information from deteriorating paper birth certificates.
- Eliminated access of catastrophic care for those who are medically needy (under age 65 who are not disabled). This will result in more uncompensated care to hospitals.
- Across the board Medicaid provider reductions of 2.3%, with the exception of nursing homes, pharmacy and mandated rates. There will likely be some providers who choose not to see Medicaid patients. There will be an increase in uncompensated care.

Total: \$13,722,800

Grant Total State and Federal UDOH Reductions: \$31,679,201

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